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MAIL: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

200 E. 10th Street, 5th Floor
Austin, Texas 78701
Phone (512) 305-8300
FAX (512) 305-8310
<http://www.ssb.state.tx.us>

JOSE ADAN TREVINO
MEMBER

October 17, 1997

Mr. Stan Stephen
President/CEO
First Federal Savings Bank
2900 Texas Avenue
Bryan, Texas 77802

RE: Bryan-College Station Financial Holding Company

Dear Mr. Stephen:

This is in response to your letter dated June 24, 1997, and received by this Agency on July 1, 1997.

Your letter and supplemental materials describe a plan of reorganization, consisting of a proposed Agreement and Plan of Merger (the "Merger") and a public offering (the "Public Offering"), pursuant to which First Federal Savings Bank ("First Federal"), a federally-chartered thrift institution regulated and supervised by the United States Office of Thrift Supervision, will reorganize into a holding company form of organization, and become the wholly-owned subsidiary of the Bryan-College Station Financial Holding Company (the "Holding Company"), a Delaware corporation. The plan of reorganization has been adopted by the Board of Directors of First Federal and must be approved by a majority vote of all First Federal stockholders entitled to vote. The plan of reorganization is subject to approval by the Office of Thrift Supervision.

Pursuant to the Merger, each shareholder of First Federal common stock may elect to receive, for each share of First Federal common stock, either: (i) 2.5 shares of Holding Company common stock; (ii) \$24.07 in cash, or (iii) any combination of Holding Company common stock and cash. According to an exhibit (the "Exhibit") to the Form S-1, filed with the Securities and Exchange Commission, the Merger and plan of reorganization are contingent upon the holders of no more than 80% of First Federal common stock electing to receive cash as merger consideration.

The Merger involves First Federal, the Holding Company, and New First Federal Savings Bank ("New Bank"), a newly formed, wholly-owned subsidiary of the Holding Company. Pursuant to the Merger, New Bank will be merged into First Federal on the effective date. The resulting thrift institution will be First Federal, and New Bank will cease to exist. The Merger is contingent upon certain conditions detailed in the Exhibit, including the Holding Company's successful completion, through the Public Offering, of the sale of certain minimum amounts of Holding Company common stock and Units, as described below.

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The Holding Company will offer for sale to the public, through the Public Offering to be registered with this Agency, up to 200,000 shares of Holding Company common stock and up to 3,700 Units. Each Unit would consist of a \$1,000 debenture and nine detachable warrants. Each warrant entitles its holder to purchase one share of Holding Company common stock at a specified price and by a specified date. The net proceeds of the Public Offering will be used to finance the Holding Company's cash purchase of those shares of First Federal common stock which are not exchanged for Holding Company common stock in the Merger. Your supplemental materials indicate that consummation of the Public Offering is contingent upon all conditions to the Merger being satisfied or waived.

Mr. Charles H. Still, Jr., counsel for the managing underwriter, has represented, in a letter dated September 3, 1997, and received by this Agency on that date via facsimile, that although the Holding Company is a thrift rather than a national or state bank, upon completion of the Holding Company formation, the Holding Company will be regulated by federal and state regulatory authorities in a manner that is similar to the manner in which banks and bank holding companies are regulated. Mr. Still also represented in that letter that the Holding Company will have fewer than 500 shareholders at all times prior to and on completion of the Public Offering.

Based upon the foregoing understanding, no exemption is available for the Public Offering and these securities must be registered with this Agency. However, the Staff of the State Securities Board will recommend no action to require registration for shares issued in the Merger transaction. Furthermore, based upon representations made by Mr. Charles H. Still, Jr., as described above, the Staff of the State Securities Board will recommend no action to require registration of the Company, its executive officers, or members of the Board of Directors, pursuant to the dealer registration requirements of the Texas Securities Act with respect to the Merger and the Public Offering.

Please note that this Agency has not made an independent investigation of the facts, but has relied solely upon the information you have provided. If this information is incorrect or changes substantially, the staff would reconsider the matter and the opinion stated above would be void.

Finally, opinions expressed by this Agency are not binding upon civil litigants in future proceedings.

I trust this information answers your inquiry. Please feel free to write us if you need further information.

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Very truly yours,

DENISE VOIGT CRAWFORD
Securities Commissioner

David Weaver
General Counsel

DW/mew

cc: Mr. Charles H. Still, Jr.
Bracewell & Patterson, L.L.P.
711 Louisiana, Ste 2900
Houston, Texas 77002-2781

Mr. Dave L. Muchnikoff, P.C.
Silver, Freedman & Taff, L.L.P.
1100 New York Avenue, N.W.
Washington, D.C. 20005-3934